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STANDING COMMITTEE ON ENERGY (1998-99)

TWELFTH LOK SABHA

MINISTRY OF POWER

DEMANDS FOR GRANTS (1998-99)

FOURTH REPORT

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LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

FOURTH REPORT

STANDING COMMITTEE ON ENERGY
(1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF POWER

DEMANDS FOR GRANTS (1998–99)

6 JUL 1998

Presented to Lok Sabha on

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LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA TO THE FOURTH REPORT OF THE STANDING COMMITTEE ON ENERGY (1998-99)

Page	Para	Line	For	Read
1.	Heading	Insert	(1998-99) after	the Demand for Grants
1.	2	2	1996-97	1998-99
8.	22	3	taken promote	taken to promote
9.	30	6	high is	high in
12.	41	1	Loan	loan
13.	51	1	Delete(.)	after projects
15.	56	2	31,857,00	31,857.00
18.	70	12	involved	involve
20.	2	5	Rs.86916.72	Rs.66916.72
21.	5	8	T.H.D.C.S	T.H.D.C.
22.	8	3	recommended	recommend
23.	11	4	take	taken

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (1998-99)

Shri K. Karunakaran — *Chairman*

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3. Shri Tariq Anwar
4. Shri Parasram Bhardwaj
5. Smt. Rani Chitralekha Bhosle
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SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri John Joseph — *Joint Secretary*
3. Shri P.K. Bhandari — *Deputy Secretary*
4. Shri R.S. Kambo — *Under Secretary*
5. Shri S.R. Mishra — *Reporting Officer*

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*Ceased to be Member of the Committee *w.e.f.* 29.6.98, Consequent upon retirement from Rajya Sabha.

INTRODUCTION

I, the Chairman, Standing Committee on Energy, having been authorised by the Committee to present the Report on their behalf, present this Fourth Report on the Demands for Grants (1998-99) relating to the Ministry of Power.

2. The Committee took evidence of the representatives of the Ministry of Power on 17 June, 1998.

3. The Committee wish to thank the representatives of the Ministry of Power who appeared before the Committee and placed their considered views. They also wish to thank the Ministry for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 26th June, 1998.

NEW DELHI;
1 July, 1998
10 Asadha, 1920 *(Saka)*

K. KARUNAKARAN,
Chairman,
Standing Committee on Energy.

PART I

REPORT

Analysis of Detailed Demands for Grants and Plan Budget of the Ministry of Power

The Ministry of Power have presented Demands for Grants of Rs. 3805.57 crore for the year 1998-99 and against Rs. 3247.03 crore (BE) and Rs. 3852.6 crore (RE) for the year 1997-98 and Rs. 2996.6 crore (Actual) for the year 1996-97. The headwise details of the Demands for Grants of Ministry of Power are shown in Annexure.

2. Sector-wise distribution of the Budgetary support of the Ministry of Power for the years 1994-95 to 1996-97 is as follows:—

(Rs. in crore)

Sl. No.	Sector	1994-95	1995-96	1996-97	1997-98	1998-99
1	2	3	4	5	6	7
(A)	Central Sector					
1.	Secretariat Economic Service	3.06	3.50	3.52	3.95	5.40
2.	C.E.A	37.05	42.06	29.10	31.25	48.67
3.	Generation					
	(a) Thermal	1705.84	1149.45	807.49	772.58	844.21
	(b) Hydro	909.59	817.85	796.43	1125.53	1579.00
4.	Transmission & Distribution	345.00	318.64	321.00	303.41	182.97
5.	Power Finance Corp.	175.00	300.00	550.00	550.00	370.00

1	2	3	4	5	6	7
6.	System Improvement (OECF loan)	50.00	300.00	50.00	30.00	75.00
7.	Misc. Schemes	109.14	114.86	118.30	82.31	250.32
	Total (A)	3334.68	3046.36	2675.84	2899.03	3355.57
(B)	State Sector					
1.	Rural Electrification	316.00	348.00	348.00	348.00	450.00
	Total (A+B)	3650.68	3394.36	3023.84	3247.03	3805.57

I. Dependence on IEBR

3. The Economic Survey (1997-98) states that the net budgetary support to Central Sector Undertakings under the Ministry of Power as a proportion of the approved plan outlay has been declining over the years. In 1998-99 budget, the budgetary support to public enterprises has been reduced to Rs. 2218.06 crore from Rs. 2529.67 crore (revised estimate in the year 1997-98). In comparison to the budgetary support, the target to mobilise resources through Internal and Extra Budgetary Resources (IEBR) has been hiked substantially (more than double) from Rs. 3207.11 crore in 1997-98 to Rs. 6786.00 crore in 1998-99.

4. Asked to furnish the reasons for curtailing budgetary support over the years, the Ministry of Power in their written reply mentioned:—

> "The reduction in External Assistance through Budget is primarily on account of the practice introduced by the Ministry of Finance in April, 1993 to permit CPSUs to avail of bilateral and multilateral assistance directly rather than receiving it through the Budget as in the earlier years. In fact, with the ongoing projects in the power sector getting completed, the practice would in the years to come result in IEBR portion becoming larger, in comparison to Gross Budgetary Support as External Assistance through Budget keeps decreasing"

5. The External Assistance through Budget (EAB) decreased over the years as under:—

(Rs. in crore)

Year	EAB to PSUs
1995-96	1569.61
1996-97	1484.71
1997-98	1419.16
1998-99	904.54

6. For the year 1997-98 B.E. for EAB was Rs. 1425.54 crores actual is only Rs. 1174.86 crore.

7. The Committee pointed out that the achievement on account of Internal and Extra Budgetary Resources (IEBR) in 8th Plan was very low as can be observed from the table.

(Rs. in crore)

	PSU	IEBR Plan outlay during the 8th Plan	Actual	Proposed Ninth Plan outlay
1.	N.T.P.C	7012.00	6946.05	18979.49
2.	N.H.P.C.	4108.00	2671.88	4462.14
3.	Power Grid	3580.00	3613.96	16438.00
4.	D.V.C	1300.00	1076.01	2525.00
5.	T.H.D.C.	1399.00	0.00	944.50
6.	N.J.P.C.	350.00	135.00	1955.54
7.	P.F.C.	0.00	305.00	20425.00
8.	NEEPCO	230.00	220.76	1187.05
		17979.00	14968.78	66916.72

8. Major shortfall according to the Ministry of Power was under the Category Bonds/Debentures, in which case, PSUs could raise only Rs. 4157.77 crore as against an outlay of Rs. 9402 crore on account of adverse market conditions.

9. During 1997-98, the IEBR outlay was Rs. 4497.31 crore. As against this, actual IEBR was Rs. 3507.11 crore. Since a supplementary grant was obtained under Net Budgetary Support, NHPC did not raise bonds to the tune of Rs. 520.85 crore under IEBR. During 1997-98, internal resources raised were Rs. 1042.52 crore as against the outlay of Rs. 776.07 crore.

10. For 1998-99 out of the Central plan outlay of Rs. 9500 crore the IEBR outlay was Rs. 6786 crores in comparison to Rs. 4497.31 crore for 1997-98. Asked how this huge amount can be mobilised, Ministry of Power in their reply stated:

> "For 1998-99 out of the total Central Plan Outlay of Rs. 9500 crore, the IEBR outlay is Rs. 6786 crore. Of this, Rs. 3659.15 crore is on account of ECB/Suppliers Credit for NTPC, NHPC, POWERGRID, NJPC, NEEPCO and THDC. A substantial portion of the Suppliers Credit has already been tied up by the PSUs and they do not envisage any difficulty in mobilising the balance amount. The share of bonds/debentures in the IEBR is Rs. 2379.55 crore. Recently, Powergrid has obtained a 10 years term loan of Rs. 500 crore from State Bank of India. As regards Internal Resources target of Rs. 747.30 crore N.T.P.C., POWERGRID and D.V.C. are likely to achieve their targets."

11. In addition to the above, Ministry of Power has stated that they are taking the following steps to assist the PSUs to mobilise IEBR:—

(i) Obtaining permission from Ministry of Finance/Planning Commission for raising tax-free/taxable bonds.

(ii) Obtaining permission from Ministry of Finance/Planning Commission for SLR Bonds for REC and NEEPCO.

(iii) REC Bonds have been given status of priority sector lending. This ensures lower rates of interest.

(iv) PFC financing is available for Central Sector PSUs in case they need the funds.

(v) Assisting the PSUs to raise funds in the overseas market ECBs.

(vi) Assisting the PSUs in recovering their dues from SEBs.

Non utilisation of funds

12. Asked to furnish a statement of non-utilisation of funds from budgetary support and IEBR by PSUs/Projects for last three years, the Ministry mentioned as under:—

	IEBR		Budgetary Support	
				(Rs. in crore)
Year	Allocated	Utilised	Allocation	Utilised
1995-96	4326.90	3488.99	200.67	148.03
1996-97	4565.49	3145.00	168.82	146.89
1997-98	4497.31	3507.11	125.37	109.38*
				*Upto 3/98

II. Impact of Sanction

13. Asked to comment on the impact (if any) of proposed sanctions by different countries and global financial bodies on the power sector due to recent nuclear test the Ministry of Power stated:

> "Power sector is one of the biggest recipients of external aid which constitutes around 31% of total committed bilateral and multilateral assistance to the country".

14. Source-wise committed aid, utilisation (up to 31.3.98) and the undrawn balance are as follows:

Table: Total Loan Committed and undrawn balance (as on 31.3.98)

(Rs. in crore)

Donor	Total Loan amount Committed	Total Utilised	Undrawn Balance (Provisional)
World Bank	14090	8400	5690
ADB	4667	2900	1767
OECF	15070	6447	8623
UK	1215	707	508
Others	3228	2379	849
Total	38270	20833	17437

15. For the year 1998-99, external assistance of about Rs. 4803.35 crore (Rs. 2980.3 crore in the Central Sector and Rs. 1823.05 crore in the State Sector) is proposed to be utilised for ongoing projects.

16. According to the available indications, the committed external assistance for ongoing projects is not likely to be affected by the sanctions imposed/threatened by the donor countries. Regarding new loans, it is too early to assess the impact at present.

17. Commenting further on the impact the Secretary, Ministry of Power stated that after interaction with World Bank and OECF he has the impression that the Committed loans are not going to be disturbed and as many of the projects which are very attractive to the funding agencies they will find some way of funding for most of these projects.

18. On the impact of sanctions on the private developers in power sector in India, the Secretary stated:

> "I had discussion with some of the private developers. I believe that only the American EXIM Bank and some other banks have legal sanctions. The United States of America has announced legal sanctions. But they are trying to find alternate means. They have also assured me that, as far as possible, they will try to borrow money at low interest rate so that our costs are not unnecessarily loaded. They are all very keen".

III. Hydel Sector

19. Share of hydro power is continuously falling and it is now at the ratio of only 25:75. The slippages in case of hydel projects are as high as 74% of the target in the Eighth Five Year Plan.

Hydel Power in Eighth Plan (In Mega Watts)

	Centre	State	Private
Target	3260	5860	162
Achievement	1465	794.7	168
Shortfall	1795	5065.3	+6

20. Even in the year 1997-98, the performance of hydel sector is far from satisfactory. When the Committee enquired about the reasons the Ministry in a note stated:

> "In the year 1997-98 a provisional target of capacity addition for hydro power was 605 MW which was revised to 516 MW after final review. A total hydro capacity addition was only 233 MW in 1997-98. The private sector did not contribute anything in this field. A capacity of 289 MW had thus slipped from the programme envisaged at the beginning of the year. The main reasons for slippage are delay in completion in major civil works and unit erection, funds constraints and delay in supply of equipments".

21. Asked on the Ninth Plan Project, the Committee was informed as under:

> "During the IX Plan, about 3500 MW generation is expected to be achieved in the hydel sector through Central Sector Projects. The Ministry of Power is in the process of finalising a hydel power policy on the basis of the recommendations of an Expert Committee."

22. Asked further about the steps taken by the Ministry to prevent the fall of hydro share, the Ministry of Power in their written reply mentioned as under:

In order to maintain hydel share, it would be necessary to augment hydel capacity by about 22,000 MW during the next decade. The following steps are proposed to be taken promote hydel projects.

(i) Ensure Hydel capacity addition of 9815 MW in 9th Plan by providing adequate funds for on-going and new Central Sector projects and by organising supplementary funding from Power Finance Corporation for on-going State Sector Hydel Projects;

(ii) Advance action for capacity addition 4815 MW in the 10th Plan (2002-2007) by promoting the projects through Central Sector Hydel Public Sector Undertaking;

(iii) Assigning responsibility of Central Sector Hydel Public Undertakings for basin-wise exploitation of hydro potential.

(iv) Undertaking survey and investigation of identified projects so as to prepare shelf of hydro projects for execution.

23. Commenting on the impact of fall in hydel power ratio, Secretary Ministry of Power stated as under:

> "Because of an imbalance in the thermal hydel mix in this country, especially in the Eastern, Northern and Western regions, many thermal power stations during off-peak hours backed down. We are losing almost about 4 to 5 per cent or even more of plant load factor because of this backing down during off-peak hours".

24. However, the Secretary informed that even with their best efforts, in the beginning of the Ninth Plan, the hydro share has come down to 24.6 per cent. It will go down further because there are not many projects on the shelf. Unless we start action today even by the end of the Tenth Plan we will not be able to maintain this share.

25. Major problems of hydro projects as pointed out during oral evidence are unlike the thermal projects where the commissioning schedule can be predicted, we cannot predict so in the case of hydro-electrical projects. In the case of hydro-electrical projects, there are many geological surprises; wherever there is underground construction or there is tunelling there are geological surprises. In Himalayan mountain particularly, the geology is very complex. Secondly, hydel projects are mostly in inhospitable areas thus have long gestation period. Thirdly as there is problem of

huge displacement of population the hydel projects are generally opposed by local people. To deal with this a National Rehabilitation Policy is being formulated. Fourthly, the project execution have become impossible due to law and order problem specially in Jammu & Kashmir and the North-Eastern region.

26. On the remedial measures Secretary, Ministry of Power stated that the Ministry have identified a number of large projects in Himalayas and North-East. A special Hydro-Electric policy is being worked out and the projects which have been delayed due to inter-state disputes are being looked into.

27. One project drew the attention of the Committee which is mentioned below:

The Koel Karo Project was envisaged mainly to provide peaking support. Though this project was accorded investment sanction in November, 1991 it's implementation could not be taken up for want of funds and local resistance.

28. The Ministry during oral evidence informed that in the present power scenario of the region Koel Karo will be a valuable source of precious peaking power.

29. Asked about the present status of Koel Karo project, Secretary during oral evidence stated:

> "Koel Karo is a project sanctioned a few years ago and according to the Government internal guidelines, if a project is not taken up and if no expenditure takes place for a long time, it should be dropped. There is an empowered Committee of the Planning Commission and they recommended that this project should be dropped."

30. Secretary, Ministry of Power during oral evidence further stated:

> "In the Eastern region today, there is excess thermal capacity and there is very little of hydel capacity. As a result, many of the thermal power stations are backing down. So, these hydel projects are extremely valuable. Even though the capital cost is very high, is the long run, it will also help operating the thermal power stations."

IV Transmission and Distribution

31. Commenting on the Principle of allocation of funds for generation and transmission Secretary, Ministry of power during oral evidence stated:

> "If I spend Rs. 100 on a generation station, I require another Rs. 100 to evacuate that power and take it to the consumer. That is the thumb rule. That is almost like a matching investment".

32. However the Secretary informed that right from the First Five Year Plan, the investment on transmission remained almost about 60 per cent or even 50 per cent of the investment in generation. So, today there is a huge backlog of investment to be made on transmission and distribution. The transmission system has not been updated. Most of the SEBs have not been able to invest on transmission and distribution network. Thus even if there is power supply from the grid, states cannot absorb the same. For example in Delhi, today the requirement is about 600 MVAR. When it was allowed to draw any amount of power, it came up to almost about 2.180 MW and then stopped because the system could not absorb it.

33. Due to lack of adequate transmission and distribution network the Eastern region is considered to be surplus region and has got a surplus of almost about 2000 MWs both during peak hours and off-peak hours.

34. Elaborating further, CMD, NTPC stated:

> "There is no dearth of supply of Power in the Eastern Region. NTPC is backing down 2000 MW everyday. There is no system at all to carry power".

35. When the plants under NTPC, DVC and BSEB are asked to back down Ministry show their reluctance to take up a new pit-head project at Maithon. Additional Secretary, Ministry of Power clarified:

> "Regarding the Maithon project, we had a detailed look at the project with all the agencies concerned because so far we were saying that this project may or may not be required for the eastern region".

36. Ministry agreed that this is a very important project. This is one of the few sites where you have got adequate water, adequate land and also coal. It is, on the pithead. There are not many such sites.

37. Asked further what Ministry is doing to implement the project, Additional Secretary, further added:

> "I think within this week we will take a decision as to what direction this project should take. Please permit me to assure you that we will see that this project is structured within a month or two".

38. On the steps taken by the Ministry to improve the transmission & distribution system, the Committee were informed by the Secretary Ministry of Power as under:

> "The Power Finance Corporation and the Rural Electrification Corporation are giving loans for system improvement schemes. System improvement means upgrading the voltage, upgrading the transformers and even revamping the distribution network. Their are many schemes taken up in many States under OECF loaning, under PFC loaning and under REC loaning. Last year (1997-98) Ministry gave Rs. 200 crore Power Finance Corporation through which PFC generated an amount of almost about Rs. 1200 crore or Rs. 1300 crore. This money is given to the States for on-going projects, for R&M schemes and for setting up transmission lines which are very critical for establishing shunt capacitors and for helping the State Electricity Boards in other critical areas. So these loans were actually disbursed last year and in the current Budget also, we are suggesting actually Rs. 370 crore to be given as interest subsidy to P.F.C".

39. However, the Secretary, Ministry of Power stated that for a major impact, some privatisation or reform in the distribution sector should come. Once you go for privatisation or cooperatives in this sector, it will have an impact. Unless you invest on the distribution system, transmission losses will not come down.

40. Explaining the need for investment in T&D, the Secretary stated:

> "Today, if I invest about Rs. 1,000/- in the distribution system, I get many more megawatts than a new power station can generate. A new power station today costs about Rs. three to three-and-a-half crore per megawatt, whereas if I put the same money in the distribution system, my megawatt would cost me only about Rs. 1.5 crore to Rs. 1.8 crore".

41. Enquired on PFC's Loan conditionalities, Secretary added

"PFC has relaxed some of it's conditions for R&M, for Capacitors, for system improvement to cover as many states as possible".

42. The Secretary, suggested that the amount of Rs. 370 crore provided to PFC as budgetary allocation should not be only for one year rather it should be continued throughout the Ninth Five Year Plan.

43. The Secretary, Ministry of Power also informed that some states like Andhra Pradesh are replacing the L.T lines. Loans through PFC and REC are being provided for strengthening the various system of SEBs.

44. The Committee while considering the relaxation of conditionalities extended by PFC found that 16 R&M schemes pertaining to UPSEB, BSEB, WBSEB, ASEB and DVC etc. are languishing over the years.

45. Asked to clarify why some SEBs are not able to take loan from P.F.C., the Secretary, Ministry of Power stated:

"The problem is that many of these SEBs are defaulters. So, they are not eligible for PFC loans"...

46. In the oral evidence, Secretary mentioned that as the financial conditions of SEBs are very poor and as they have no liquidity they cannot fund projects. Taking this fact into consideration Ministry have opened a window in the Power Finance Corporation. Now, the Government of India gives an interest subsidy to cover about four per cent interest. Last year, we gave Rs. 200 crore and it enabled the Power Finance Corporation to generate loans of about five and half times, almost about Rs. 1,200 crore or Rs. 1,300 crore.

47. The above step has been envisaged to face the problems during first three years of Ninth Five Year Plan as Secretary, Ministry of Power stated:

"One of the major problems in the Ninth Five Year Plan is even though we are planning for 40,000 MWs, only 25 per cent of this, that means, roughly a little more than 10,000 MW will materialise in the first three years of the Ninth Five Year Plan and the rest, almost 70 per cent of the capacity will materialise only in the last two years of the Ninth Five Year Plan—So, we have actually worked out an action plan to get over this capacity shortage by improving the performance of the existing facilities".

48. The Secretary, Ministry of Power added that once the concessional rate of interest is given then the PFC will be able to mobilise that money and give it as a loan to states.

V. Status of Private Sector participation in Power Sector:—

49. During the 8th Plan Period in the private sector, as against a target of 2810 MW, a meagre 1430 MW could be obtained. According to latest review, projects aggregating 3242.8 MW are in the private sector in different stages of construction. Further techno-economic clearance is available for only 14322 MW at present.

50. When asked about the present status of the private sector participation in Power Sector the Minister of Power in their written reply stated:

> "The response to GoI's policy relating to the private sector in power development has been encouraging. Altogether 125 private power projects are being monitored by the Central Government, amounting to 67.221 MW of installed generation capacity. These included 95 proposals on the Memorandum of Understanding (MoU)/Letter of Intent (LoI), etc., route (costing more than Rs. 100 crore) and 30 proposals on the competitive bidding route (costing more than Rs. 1000 crore). In addition, there are several projects which are being set up by the private sector with the approval the concerned State Government and do not require the techno-economic clearance of CEA. These projects are currently in various stages of development. 42 projects amounting to 20,282 MW have been given techno-economic clearance by Central Electricity Authority (CEA). Presently, 19 private power projects with a generating capacity of 4099.5 MW (including projects developed by licensees and those also which do not require the techno-economic clearance of CEA are under construction, out of which 5 projects (with a capacity of 748 MW) have been partially commissioned. Also 12 projects with a capacity of 2276.4 MW including projects developed by licensees and those also which do not require the techno-economic clearance of CEA) have been fully commissioned in last five years and are under operation".

51. Asked about the incentive given to private sector projects. Ministry informed as under:

> "The package of incentives in the policy comprehensively cover the legal, administrative and financial environment to make

private investments in the sector attractive. A two-part tariff system for power projects to be put up by the Independent Power Promoters, covering the fixed costs and variable energy cost in electricity pricing, had been formulated and a notification issued in March 1992. This *inter-alia*, provided for a 16% Return on Equity at 68.5% PLF for thermal plants (coal/lignite/gas) and 90% availability for hydro electric plants. To encourage efficiency in plant operation. An incentive scheme based on capacity utilisation had also been formulated. Since 18.2.1995, Government has made it mandatory for new projects requiring CEA's clearance to be put up on the competitive bidding route. For this, the earlier cost-plus tariff system has been replaced by a system of availability based tariff formulation. There is also a five year tax holiday for power generating companies commencing operations upto the year 2003. For the subsequent five years, the companies are required to pay tax on 70% of their taxable incomes".

52. One of the causes of slow progress of private sector projects, as mentioned in the reply of the Ministry is absence of positive credit rating of SEBs. The promoters and the International Financial Institutions (IFIs) proposing to finance the projects coming up in the private sector insisted on financial comfort mechanisms such as the opening of escrow accounts by the SEBs, State Guarantee and Government of India (GoI) counter guarantee for the payment obligations of the SEBs' in order to convince their lenders. A GoI's counter guarantee scheme was developed as a transitory measure to boost private investment and it was decided in 1994 to extend GoI's counter guarantee to 8 initial projects that had been cleared from the foreign investment angle. While doing so, it was decided that no further sovereign counter guarantees would be given to private power projects. The rest of the IPPs are being structured on the basis of escrow accounts, State guarantees etc. but in view of the limited escrow capacities, very few projects can be so structured.

53. On the ESCROW capacity the Secretary, Ministry of Power during oral evidence stated:

"Now, in the entire country the financial institutions have made a very detailed study and they found that this repayment capacity as measured in terms of ESCROW capacity. The ESCROW capacity of the State Electricity Boards today is roughly 10,000 MW. That means, in this I have to accommodate the private sector, the NTPC and various others. That is the net cash flow,

the capacity of the States today. So, until and unless we increase that ESCROW capacity, we will not be able to absorb any investment whether it is loan or equity. Therefore, this is where the Tariff Commission is extremely important and this is where tariff rationalisation becomes important."

54. Giving an example the Secretary, further added that one State (M.P.) has got 6000 MW worth of projects in the pipeline, but their ESCROW capacity is only 2000 MW. So financial institutions are ready to fund only projects worth 2000 MW.

55. When it was pointed out that the cost of private sector power will be Rs. 4.23 per unit in the first year of generation Rs. 4.80 per unit in the fifth year of generation and Rs. 5.60 per unit in the tenth year of operation, the Secretary mentioned:

"I have absolutely no disagreement with you on this at all because the old private projects are based on the negotiation route, that is, the MoU route without any competitive bidding. In that case, it is very difficult to negotiate the project. Unless there is a competitive bidding, you will not get best offeres."

VI. Action Plan for the Development of Power Sector in the North-Eastern Region

56. North-Eastern region has a huge reserves of hydro electric power potential assesed to be 31,857,00 MW at 60% L.F.

57. Pointing to the immense hydro potential of the North-Eastern region, the Committee sought information on the steps taken by the Ministry for its exploitation. Ministry in their written reply stated:

"The Action Plan for the development of power sector in North-Eastern region and Sikkim has been prepared. The Action Plan deals with the following:

(i) Capacity Addition of 1078 MW from the ongoing Hydel projects both in the Central and State sectors.

(ii) Advance action in 9th Plan for 5 Hydel projects with an aggregate installed. Capacity of 1180 MW for commissioning in 10th plan.

(iii) Identification of potential projects for being commissioned during 11th plan and beyond.

(iv) Carrying out survey and investigations of new projects with a view to prepare a shelf of projects to be taken up in future.

(v) Identification of projects for augmenting/strengthening of transmission network in North-Eastern Region.

(vi) Strengthening of distribution system to improve the power supply situation in one major town in each State during 1998-99.

58. During oral evidence Secretary, Ministry of Power emphasised that they were going to give a boost to the capacity addition and also distribution schemes and transmission schemes. For this they are proposing to give a special concessional rate of interest to the region.

59. As per Government guidelines, the Ministry/Department are required to allocate and spent ten per cent of their budget on the development of North Eastern Regions. Asked whether such a stipulation is being adhered to Secretary, stated:

> "In the gross Budgetary support which we have provided, the North-Eastern component works out to about 5.96 per cent, slightly less than six per cent whereas, we are supposed to allocate ten per cent according to the Government guidelines. They are now identifying a number of new projects on which survey, investment and pre-construction activity was going on".

60. The Secretary informed that from next year onwards allocation for North-Eastern region will be hiked.

61. Another problem faced in the North-Eastern region is that distribution system of most states in the region is inadequate and they are unable to draw their full share of power.

62. The generating plants in the region have very poor plant load factor (PLF), having an average value of about 25-30% only, since last many years. The main reasons for poor PLF are:

(i) Ratio of peak demand to off-peak demand is high, requiring backing down of generation during off-peak hours.

(ii) Higher rates of planned and forced outages of generating units.

(iii) Poor efficiency of some old plants.

63. National Hydroelectric Power Corporation and North-Eastern electric Power Corporation have been provided budgetary support for investigating a number of projects in the North East.

64. While on the one hand projects for generation are to be identified in he north-east, transmission and distribution system is also to be developed simultaneously. In this connection Secretary mentioned during evidence:

> "We have provided a token provision for North East where Power Grid Corporation is setting up interstate transmission lines. In the N.E. the energy flow in transmission lines are not adequate because the demand has not grown. There is generating station but the transmission lines does not carry enough energy. We are trying to provide some sort of subsidy element for N.E. where the wheeling charges in transmission cost can be brought down so that various state can have access to generating station."

65. He further clarified :

> "In the North-East, if we really want to improve the power supply situation, then not only the generation but also the transmission and distribution system has to be strengthened. In fact, we have identified not only generation projects but also very important transmission lines which takes power to the North-Eastern States. They are very important and critical transmission links. In addition to this, we want to provide loans and see that the distribution systems in some of the areas of North East are strengthened and the load development takes place. So, our entire Action Plan is North East oriented rather than taking power from North East to outside. We have actually worked out some schemes".

66. As to the huge transmission loss of Power in the North-East, Secretary, Ministry of Power stated that once the Govt. approves the subsidy to Power Grid Corporation of India, the transmission costs within the North East will be lower and states in the region will have access to power at a lower cost.

67. Asked why Sikkim has been kept separate from the Action-Plan for the Development of Power Sector in the North-East, the Secretary stated:—

> "I fully appreciate your point. When I mentioned North-East, irrespective of whether we talk of Sikkim or not, as per the old definition, we want to see that the power is absorbed. I have no doubt about that".

VII. Badarpur Thermal Power Station (BTPS)

68. BTPS was set up with the idea to provide a major back up for hydro-power in the Northern Region consisting of Punjab, Haryana, Uttar Pradesh, Rajasthan, Himachal Pradesh, Jammu & Kashmir and Delhi as well as other beneficiaries in Northern Region. Presently, the entire power generated at this Station is supplied to the Delhi Vidyut Board. In the Annual Report (1997-98) it has been mentioned that BTPS has lost 340 MUs due to low system demand/ high frequency.

69. The financial requirement of BTPS are as under:—

Actual 1996-97	BE. 1997-98	RE. 1997-98	BE. 1998-99
49221.17	43000.00	60100.00	60100.00

70. Asked about the reasons for Rs. 171.00 crore supplementary grant for BTPS in 1997-98, the Ministry of Power in their reply stated:

> "As per the existing instructions, as soon as dues are realised from the Delhi Vidyut Board (DVB) by BTPS the same are credited to the accounts of Government of India and equivalent amount is released to BTPS from the non-plan budgetary support provided for BTPS. In the BE 1997-98 Rs. 430 crore were provided. However, actual realisation was expected to be Rs. 601 crore (including provision for depreciation and interest of Rs. 41.73 crore). Hence, a supplementary grant of Rs. 171 crore was taken to release additional funds to BTPS. This system does not involved any cash outgo from the consolidated fund of India except a token amount of Rs. 1 crore."

71. While all the SEBs owe an amount of Rs. 12,139 crore as on 31st January, 1998 to the various Central Public Sector Undertakings, the Delhi Vidyut Board alone owes Rs. 6000 crore to Badarpur Thermal Power Station owned by the Government of India.

72. In reply to the Lok Sabha Unstarred Question No. 1771 dated 8.6.98 on the action Government propose to take to recover the dues from SEBs, it has been mentioned as under :

> "The action taken by the Government for realising the outstanding dues include appropriating from the Plan assistance to the respective States and making the future supply of power against advance payment or opening of irrevocable Letters of Credit by SEBs".

73. Asked whether DVB has been asked to open Letter of Credit the Ministry of Power informed:

> "Numerous request have been made to DVB to open a Letter of Credit (LoC). This point has been discussed at various levels. However, so far DVB has not opened Letter of Credit till date".

74. Asked how the dues are being paid by the DVB Secretary, Ministry of Power stated:

> "About the DVB repayment, we have taken up the matter with the Government of India, a number of times with the Ministry of Home Affairs and others. A number of decisions were taken that the DVB should at least, pay the current bills, if not the arrears. And, we have to take a decision on the arrears also as to how we should treat it. Sir, these are the issues on which a number of meetings have taken place even at the highest level and we are hoping that some final view can be taken on this, probably during the current year."

75. Elaborating the points further, the Secretary informed as under:

> "But the cash flows are all through the Consolidated Fund of India. And, the agreement is that dues are supposed to be paid. But then Rs. 6,000 crore is a very large amount which I do not think, the DVB will be able repay it in short time. A Government of India decision would be required on this. We are actually taking up the matter. In the current year, probably, some decisions will be taken."

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

1. A glance at the Sector-wise distribution of budgetary support shows that budgetary allocation for transmission and distribution has been coming down. In the year 1994-95 it was Rs. 340.00 crore and for this year only Rs. 182.97 crore have been asked for. Similarly, budgetary allocation for Power Finance Corporation has been reduced to Rs. 370 crore only from Rs. 550 crore in both 1996-97 and 1997-98. The Committee are surprised to note that even after allocating Rs. 550 crore for Power Finance Corporation in the year 1997-98 and additional amount of Rs. 200 crore was taken through Supplementary Grant. Thus, when, the total grant for Power Finance Corporation (PFC) was Rs. 750 crore in the year 1997-98 the Committee are dismayed to observe that a paltry amount of Rs. 182 crore has been allocated this year. While a portion of allocation to PFC is extended to transmission and distribution, the Committee are unable to agree with the Ministry that transmission and distribution sector is getting their special attention. The Committee are of the firm view that when existing generation lacks adequate transmission and distribution back up and huge energy is being wasted, the Ministry should not depend solely on market forces to take care of T&D sector. The Committee recommend that the allocation for T&D should be enhanced suitably.

2. The Committee note that the IEBR portion of the budget proposed for the Ninth Five Year Plan is substantially high. In the Eighth Five Year Plan the actual mobilisation by all the PSUs was only Rs. 14968 crore whereas in the Ninth Five Year Plan this has been hiked to Rs. 86916.72 crore. This Committee also observe that due to unfavourable market conditions the PSUs have already suffered a major shortfall in the Eighth Five Year Plan. The Committee apprehend that similar unfavourable market can put the Ninth Plan in uncertain position. The Committee are of the view that considering the power as a basic infrastructure, a judicious mix of higher budgetary support and realistic IEBR should be adopted to sustain the growth of this sector. The Committee are also concerned about continuous failure to utilise the fund allocated to the Ministry and emphasize the need for utilising available funds allocated through Budget.

3. The Committee find that the Power Sector is one of the biggest recipients of external aid that constitutes around 31% of total

committed bilateral and multilateral assistance to the country. The Committee also note that out of Rs. 38,270 crore allocated, the power sector has utilised Rs. 20,833 crore of fund so far leaving Rs. 17,437 crore as unutilised. The Committee are unhappy to note that Ministry have not analysed the impact of sanctions, due to recent nuclear tests, so far. The Committee desire that a thorough study of the impact should be made at the earliest and a detailed Action Plan to deal with the impact should be undertaken. The details of this study and Action Plan should be placed before the Committee.

4. The Committee note with concern that ratio of hydro-power has fallen below 25:75 thus causing peaking shortage in the system. Inspite of caution from this Committee in their earlier Reports, the Ministry have failed to prevent the fall of hydro share and they are now admitting their helplessness. The Committee note that there are not many hydro projects on the shelf and its share will go down further in the Tenth Five Year Plan. The Committee have noted with concern the lacklustre attitude of Private Sector participation in Hydel Sector. As on date, only Maheshwar Hydel Project is being developed by them. The Committee recommend that while the Government should analyse the failure of Private Sector participation, hydel projects in Public and Joint Sector both at Central and State level should be supported and encouraged simultaneously.

5. The Committee are disheartened to note that in spite of enormous potential of hydro-electricity in the North-Eastern region (31,857 MW) and Himalayan region, the Ministry are not finding projects for execution. The Committee desire that sufficient number of projects must be identified for both Public and Private investment. The Committee also recommend that adequate attention should be given in allocation of funds to the on-going Hydro projects, like T.H.D.C.S. So that they are completed on time and check the falling share of hydro-power in over all power generation. The Committee also urge that a comprehensive perspective Hydro-electric policy should be formulated urgently. The Committee are also of the view that this policy should be inconsonance with the resettlement and rehabilitation issues so that human related problems can be handled convincingly.

6. The Committee are sad to note that Government is withdrawing its hand from Koel-Karo project which is admittedly a technical necessity for the grid operation. The Committee are informed that Koel-Karo project was envisaged mainly to provide peaking support and in the year 1991 it was accorded investment sanction. However, due to local resistance and lack of funds, the project could not takeoff. The Ministry, however, supported the

project with token grants in various financial years. Now, the Committee fail to understand, without considering the importance of the project for system operation in eastern region and without arranging funds for the projects, Ministry is prepared to drop the project. The Committee are of the firm view that the project should not be dropped even after these 8 years of inaction, especially when there is shortage of hydro power and identified projects. The Committee also stress that all the ongoing projects should be completed in a time bound manner.

7. The Committee are concerned to note that transmission and distribution sector has been severely neglected. While the rule is to invest equal amount in both generation and transmission, investment in transmission is less than half. The Committee are sad to note that due to lack of facilities for evacuation of power, plants are asked to back down and even if there is power in the grid, the out-dated distribution system, fails to take it to the consumer. The Committee are also dismayed to note that due to lack of an adequate evacuation system, the Ministry is considering to drop the Maithon project which is a pit-head project and has every facility required at the site. The Committee take a serious view of this situation. The Committee also desire that the Maithon project should be taken up urgently with adequate transmission back-up system. They fail to understand how all of sudden the Ministry has started realising the lack of investment in the field of transmission and distribution whereas all along it has been assuring this Committee that all arrangements have been made for evacuation of power on various new projects that were coming up. (Report 26th of 10th Lok Sabha). As uptill now the sole responsibility for transmission & distribution planning was that of the Ministry, the blame for lop-sided development of power sector squarely lies with the Ministry. The Committee would appreciate if the Ministry now take up development of this sector with all seriousness. The Committee desire that the Government should immediately make matching investment in transmission and distribution sector.

8. The Committee note with concern that the loan subsidy extended to Power Finance Corporation is too late and too little to have any major impact. The Committee recommended that the subsidy scheme on loan amount started in the year 1997-98 should be continued throughout the Ninth-Five Year Plan and the Committee should be informed of the gains made through this subsidy.

9. The Committee note that High Voltage Direct Current (HVDC) Transmission line have been laid, to meet the deficiencies of

transmission system. The Committee recommend that the Government should evaluate the benefit of HVDC line before inducting this technology on a large scale.

10. The Committee note that PFC is extending loan to SEBs to implement R&M projects. However, they are sad to note that 16 R&M schemes pertaining to UPSEB, BSEB, WBSEB, ASEB, DVC, etc. are languishing over the years. Considering the fact that very few projects are there for capacity addition in first three years of the Ninth Plan, the Committee want that no existing project should suffer due to lack of funds. The Committee would like PFC to consider these projects and ensure that work is carried out.

11. The Committee observe that the Central Government is monitoring 125 projects amounting to 67.221 MW. Out of these, 42 projects aggregating 20, 282 MW have been given techno-economic clearance. The Committee do not agree with the stand take by the Ministry that response of the private sector is encouraging. Since 1991 the Government stated to have given wideranging incentives to private producers. The Committee are of the view that there is nothing encouraging beyond signing of MoUs. The Government have failed to give a boost to private sector participation in spite of all these incentives. The Committee recommend that where no work has been taken up within the stipulated time mentioned in MoU, such MoUs should be cancelled. The Committee note that at present SEBS have an aggregate ESCROW capacity of only 10,000 MW, whereas monitored projects are of 67,221 MW. Thus if all these projects are to come up they will need 6.7 times more ESCROW capacity of SEBs. The Committee are doubtful whether the Ministry's total reliance on tariff fixation by tariff commission will fill the need in time. The Committee desire that keeping in mind that earlier MoU projects are to put increasing burden on the exchequer year after year as the tariff will increase from Rs. 4.23 per unit to Rs. 5.60 per unit in the tenth year of operation, the Ministry should speedily take the required steps to clear and support more cost effective projects. The Government should encourage Public/Jt. Venture project on the pit head, add additional unit of generation project at the existing plant/project site, wherever possible and enhance the PLF of existing plants.

12. The Committee note that North-Eastern region has a huge unexploited hydro-electric potential. The Committee are also apprised of the Action Plan for Power Development in the North-Eastern region. The Committee are unhappy that enough projects are not

there for investment and Ministry of Power failed to extend 10% budgetary support as required by the Government guidelines. The Committee doubt that identification of projects followed by the series of clearances like environment clearance etc. can create bottlenecks in the way of extending budgetary support for some years. The Committee desire that besides identifying new projects, the required fund should be extended to on-going projects for their early completion.

13. The Committee find that due to weak distribution system, power cannot be absorbed and wheeling cost is high for the states in the North-East. The Committee recommend that the Power Grid Corporation should be extended subsidy for the transmission cost so that States in the region can have power at lower cost.

14. The Committee also desire that while planning for the North-East, Sikkim must be treated at par with other States and planning should be made for North-East as a whole.

15. The Committee note that Badarpur Thermal Power Station was constructed to provide back-up for hydro-power in the Northern Region consisting of Punjab, Haryana, Uttar Pradesh Rajasthan, Himachal Pradesh, J&K and Delhi as well as other beneficiaries in the Northern Region. The Committee also note that power from this project is now consumed only by Delhi and due to low system demand/high frequency BTPS is losing about 340 MUs production. The Committee desire to be informed of the reasons for limiting the supply of BTPS to Delhi only. The Committee take a serious view of the problem of non-payment of dues by D.V.B. and note with concern that while all the SEBs together owe an amount of Rs. 12,139 crore to all PSUs taken together, the DVB alone owe Rs. 6000 crore to BTPS and this is due to BTPS being owned by the Government of India. The Committee do not find any reason for supporting a region with high per-capita income and such a huge amount in arrears when in case of other States Plan assistance is being appropriated. The Committee desire that same steps may be taken in case of D.V.B. as are taken in case of SEBs of other States.

NEW DELHI;
1 July, 1998
10 Asadha, 1920 *(Saka)*

K. KARUNAKARAN,
Chairman,
Standing Committee on Energy.

ANNEXURE

DEMANDS FOR GRANTS FOR THE MINISTRY OF POWER

(Rs. in thousand)

S. No.	Major Head	Actual 1996-97		Budget Estimates 1997-98		Revised Estimates 1997-98		Budget Estimates 1998-99		Remarks
		Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	
1	2	3	4	5	6	7	8	9	10	11
Demand No. 71										
1.	3451	—	38982	—	39500	—	49600	—	54000	This head comprises items like salaries etc. of Sectt. Ministry of Power.
2.	2801	1052350	5121797	753100	4495400	2910500	6344900	4678100	6361700	This head comprises items like Assessment of Small Hydro Electric potential,

1	2	3	4	5	6	7	8	9	10	11
										all India Load Survey Scheme, Renovation & Modernisation of Thermal Power Station, transmission & Distribution of Rural Electrification Corporation, Transmission & Distribution, CEA Salaries, OTA etc, Power System Training Institute, R&D, other expenditure like Salary, OTA etc, Study & Training, organisational development, R&D cogeneration Cell.

1	2	3	4	5	6	7	8	9	10	11
3.	3601	50587	—	10000	—	10000	—	42500	—	This head comprises items like grants-in-aid to State Govts., Central Plan Schemes & Incentive Payment, etc.
4.	4801	6527323	—	10646100	—	13677700	—	12568600	—	This head comprises items like Externally Aided Schemes.
5.	6801	17120391	—	16509200	—	15279000	37700	14333800	—	Loans for Hydel and Thermal Power Projects, Transmission and Distribution of Rural Electrification,

1	2	3	4	5	6	7	8	9	10	11
										Loans to Public Sector and other Undertakings.
6.	7601	55000	—	17000	—	17000	—	17000	—	This head comprises expenditure under the charged Head like Loans & Advances to State Govts., Centrally Sponsored Plan Scheme, etc.
Total		24805631	5160779	27935400	4534900	31894200	6432200	31640000	6415700	

PART II

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON ENERGY HELD ON 17TH JUNE, 1998 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 15.30 hrs. to 17.50 hrs.

PRESENT

Shri K. Karunakaran—*Chairman*

2. Shri Bikash Chowdhury
3. Shri Rajbanshi Mahto
4. Shri Vilas Muttemwar
5. Shri Amar Roy Pradhan
6. Shri Kanumuru Bapi Raju
7. Shri Braj Mohan Ram
8. Shri Francisco Sardinha
9. Prof. (Smt.) Rita Verma
10. Shri Sushil Chandra Verma
11. Shri Bangaru Laxman

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri P.K. Bhandari — *Deputy Secretary*
3. Shri R.S. Kambo — *Under Secretary*

WITNESSES

Ministry of Power

1.	Dr. E.A.S. Sarma	—	Secretary
2.	Shri Pradip Baijal	—	Additional Secretary
3.	Shri S.R. Shivrain	—	Joint Secretary & Financial Advisor
4.	Shri Rakesh Kacker	—	Joint Secretary
5.	Shri J. Vasudevan	—	Joint Secretary
6.	Shri Anil Razdan	—	Joint Secretary

Public Sector Undertakings

1.	Shri Rajendra Singh	—	CMD, NTPC
2.	Shri Yogendra Prasad	—	CMD, NHPC
3.	Shri R.P. Singh	—	CMD, PGCIL
4.	Shri M.L. Gupta	—	CMD, THDC
5.	Shri A.A. Khan	—	Director, PFC
6.	Shri Diwakar Dev	—	CMD, REC
7.	Shri Arun Gupta	—	CMD, NJPC
8.	Shri A.K. Mishra	—	Chairman, DVC

Central Electricity Authority

1.	Shri R.N. Srivastava	—	Chairman
2.	Shri D.P. Sinha	—	Member, (GO)
3.	Shri K.N. Sinha	—	Member, (Plg.)
4.	Shri D.V. Khera	—	Member, (HE)
5.	Shri G.S. Rajamani	—	Member, (E&C)
6.	Shri V.K. Sood	—	Member (PS)

1. At the outset the Secretary, Ministry of Power, gave a brief account of the Demands for Grants of the Ministry of Power in 1998-99 budget and past performance of the Ministry.

2. The Committee then took oral evidence and discussed the following points with the representatives of Ministry:—

(i) Decreasing ratio of Hydro power *vis-a-vis* other sources of Power.

(ii) Inadequacy of the transmission and distribution systems.

(iii) Incentives for North-Eastern region in the power sector.

(iv) Interest subsidy to PFC/REC to help SEBs.

(v) Shortfall in capacity addition in 8th Plan, programme for Ninth Plan and steps to achieve it.

(vi) Completion of projects like Tehri H.E., Chamera II, Koel Karo & Maithon etc.

(vii) Renovation and Modernisation of power plants.

(ix) Outstanding dues of SEBs and D.V.B.

3. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

EXTRACTS OF THE MINUTES OF SEVENTH SITTING OF STANDING COMMITTEE ON ENERGY (1996-97) HELD ON JUNE 26, 1998

The Committee sat from 11.00 hours to 13.30 hours.

PRESENT

Shri K. Karunakaran — *Chairman*

2. Shri Basudeb Acharia
3. Shri Tariq Anwar
4. Shri Parasram Bhardwaj
5. Shri Bikash Chowdhury
6. Shri Rajbanshi Mahto
7. Shri Sanat Kumar Mandal
8. Smt. Sukhda Mishra
9. Shri Salkhan Murmu
10. Shri Vilas Muttemwar
11. Shri Braj Mohan Ram
12. Shri Larang Sai
13. Shri Francisco Sardinha
14. Shri Shailendra Kumar
15. Shri N.T. Shanmugam
16. Prof (Smt.) Rita Verma
17. Shri Parmeshwar Kumar Agarwalla
18. Shri Jalaludin Ansari
19. Shri Gandhi Azad
20. Shri E. Balanandan
21. Shri Brahmakur Bhatt
22. Shri Bangaru Laxman

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri P.K. Bhandari — *Deputy Secretary*
3. Shri R.S. Kambo — *Under Secretary*

1. ** ** **

2. *Consideration and adoption of Draft Report on Demands for Grants (1998-99) relating to Ministry of Power.*

At the outset the Committee on Energy considered the draft report on the Demands for Grants (1998-99) of Ministry of Power and adopted the same with the amendments/modification as shown in the Appendix-I.

3. ** ** **

4. The Committee authorised the Chairman to finalise the Reports after making consequential changes arising out of factual verification by the Ministries concerned and to present the same to both the Houses of Parliament.

The Committee then adjourned.

** Para No. 1 and 3 relating to constitution of Action-Taken Sub-Committee and consideration and adoption of report relating Ministry of coal respectively have not been included.

APPENDIX-I

(*Vide* Para 2 of the Minutes dt. 26.6.98)

Amendments/modifications made by Standing Committee on Energy in the Draft Report on "Demands for Grants (1998-99), relating the Ministry of Power (Observations and Recommendations of the Committee)

Sl. No.	Para No.	Line	Amendments/modification made
1	2	3	4
I.	2.	13	*For* "judicious mix of budgetary support and IEBR". *read* "judicious mix of higher budgetary support and realistic IEBR".
II.	4.	add as last sentence	"The Committee recommend that while the Government should analyse the failure of Private Sector participation, hydel projects in public and Joint sector both at Central and State level should be supported and encouraged simultaneously".
III.	5.	12 to 16	*For* "The Committee also urge that a comprehensive Hydro-electric policy should be formulated urgently.The Committee are also of the view that this policy should be harmonious with the National Rehabilitation Policy so that human related problems can be handled convincingly."

1	2	3	4
			Read The Committee also urge that a comprehensive perspective Hydro-electric policy should be formulated urgently. The Committee are also of the view that this policy should be inconsonance with the resettlement and rehabilitation issues so that human related problems can be handled convincingly."
IV.	6.	18	*Add* the following as the last sentence : "The Committee in this regard also stress that all the on-going projects should be completed in a time bound manner".
V.	7.	14	After word situation, *Insert* "The Committee also desire that the Maithon project should be taken up urgently with adequate transmission back up system.
VI.	7.	27	*Delete* the words "and come, up with some innovative ideas" and *add* the following :— "The Committee desire that the Government should immediately make matching investment in Transmission and Distribution Sector."
VII.	8.	8	Delete *last* sentence.

1	2	3	4
VIII.	11.	12	After the word incentives *Insert* the following : "The Committee recommend that where no work has been taken up within the stipulated time mentioned in MoUs, such MoUs should be cancelled".
IX.	11.	25	Add following lines at the end "The Government should also encourage Public/Jt. venture project on the pithead, add additional unit of generation project at the existing plants/project site wherever possible and enhance the PLF of existing plants."